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Bavaria: beating the worldwide blues in 2008...

A world plunging into recession, a state setting new records for exports, purchasing power, employment and many other key indicators.

That was the story of 2008 in Bavaria, whose records are, of course, interrelated. The state's unmatched ability to sell its products and services abroad and at home yields the employment giving state inhabitants their prosperity. According to Martin Zeil, Bavaria's economics minister, these records have two common causes.

"Diversity and depth. Rather than being dependent on one or a few markets or industries, our business community is active and a leader in all of them. And in each of these sectors we have a number of companies which are among the strongest in the world," notes the minister.

As he adds: "This diversity is also shown in our export markets. We got in on the ground floor of the development of such new engines of the world economy as BRIC (Brazil, Russia, India and China) and the CEE (central and eastern Europe). These mar-

kets have been growing explosively - and our exports with them."

This diversity is also shown by the products being sold on these markets. "While our mainstays - automobiles, industrial facilities and equipment, electronics and chemicals - more than held their own on world markets in 2008, our large and fast-growing environmental technologies (see related article in this magazine), energy engineering and food processing sectors were registering breakthrough successes," Zeil states.

"Our business community is meeting the world's hunger for food, water and for technologies producing them effectively, and for systems efficiently yielding clean and abundant energy and remedying environmental problems," concludes the minister.



This diversity and depth are also shown in purchasing power and employment. Twelve of Germany's 25 most prosperous cities and counties are located in Bavaria. Not bad for a state which accounts for one seventh of the country's population. Correspondingly, the counties with the lowest rates of unemployment are found in the state. All of the state's counties have achieved major-sized rises in employment over the past few years.

Zeil concludes: "This diversity is also shown in our tourism industry. Rather than relying on the Alps, Munich, Nuremberg, Rothenburg ob der Tauber and our other classic hits, my ministry has worked closely with what were our lesser well-known regions in the rest of the state, so as to find and capitalize upon their strengths."

Case in point: Eastern Bavaria, which took its abundance of thermal springs and rolling green meadows and turned itself into Germany's leading spa and golf area. Eastern Bavaria chalked up no less than more than 5 million overnight stays in 2008.

2008: Bavaria's record year

Exports: These set a new record for the 15th year in a row, reports Bavaria's economics minister Martin Zeil, thanks to explosive rises in sales made to the BRIC (Brazil, Russia, India and China), CEE (central and eastern Europe) and Latin American regions.

Tourism: In 2008, 27 million tourists visited Bavaria, registering 77 million overnight stays in the process. These were all-time highs for Bavaria and, as Bavaria is the perennial number one in German tourism, for any state in the country.

Purchasing power: As of the turn of the year, it amounted to €20,571 per capita in Bavaria - the highest figure ever registered in Germany.

Employment: In August, the state set a new record for gainfully employed - 4.6 million. Bavaria's rates of unemployment remained historically low - 4% - towards the end of the year.



Munich: European real estate's best bet!



For investors looking for a safe and profitable haven in Europe in 2009, Munich is the place to go, states PricewaterhouseCoopers (PwC), in its "Emerging Trends in Real Estate Europe 2009". The report used forecast returns and levels of risk to rank Europe's 27 property markets.

Grabbing by far the number one spot was Munich. According to PwC, the health of Munich's property market stems from that of its best-in-Europe economy. In making this assessment, PwC cited the decline in unemployment and the rises in population and consumer spending currently being experienced by the city.

Behind these rises: Munich's high-performing and "diverse economic base. It mitigates risky investment," states PwC.

Another advantage is that Munich's financial sector, as is the case with those of Bavaria and Germany as a whole, "has emerged largely unscathed from the subprime lending crisis and the recent global bubble for property prices," concludes PwC.

Starnberg: Germany's number one county



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There are a number of towns in this county of 130,000, and they are home to a business community which is the most powerful in Germany, according to respected business journal Focus Money. Its 2008 rankings of Germany's counties awarded Starnberg the top spot.

In compiling its rankings, Focus Money used the key

indicators of local value added, purchasing power, population growth, rate of employment, innovativeness and solvency. In view of these indicators, it's not surprising that nearly all of the other top ten finishers in the rankings came from Bavaria, including Munich (#2), Pfaffenhofen a. d. Ilm (#3) and Ingolstadt (#4).

Starnberg's best-in-Germany business community is comprised of some sectors which you would expect - including tourism and food production and processing - and some you might not.

Such as aerospace. That's thanks to Oberpfaffenhofen. The town is the site of the complex maintained by DLR - Germany's national aerospace agency. The complex is home to no less than eight institutes, each a leader in its field of space transport and satellite navigation systems. DLR, in turn is a hub for an adjoining and large-sized community of providers of aviation and space technology development and deployment services.

Key figures

2000 companies form Bavaria's environmental technologies sector. They hold a 4% share of the rapidly-growing world market. The sector's node: Augsburg and the rest of the Swabian region. Among the sector's innovations:

the world's most efficient solar receivers.

Developed by Nikolaus Benz and Thomas Kuckelkorn at the Schott group's research facilities in the eastern Bavarian town of Mitterteich, this prize-winning CSP (concentrated solar power technology) is best (most efficient and durable) in the world at turning the sun's rays into steam driving turbines driving power plants. The CSP receivers will form part of the next generation of parabolic trough power plants. Found in the world's sunbelt, these, in turn, are expected to be the mainstays of international electricity production in the decades to come.

33.5 million passengers made their ways through Munich, Nuremberg and Memmingen airports during the first ten months of 2008. That was up a strong 2.6% over the state's three international airports' performance in 2007.

Munich maintained in 2008 its role of being one of Europe's fastest growing major airports, recording a **3.1% rise** in passengers - to 29.6 million.

Founding stones



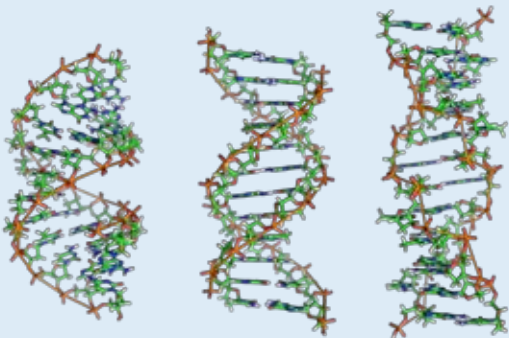
The Lower Bavarian Forum

Lower Bavaria is a large-sized, largely agricultural region. Its main centers of business are Landshut (its capital), Straubing, Deggendorf and Passau. The recent founding of the Lower Bavarian Forum (Niederbayern Forum) is designed to foster ties among the region's communities and their companies, and with their neighbors in the Czech Republic and Austria.

Bavarian prize-winners

Patrick Cramer - Ernst Jung prize for medicine

The managing director of the University of Munich's Gene Center has won yet another major prize for his discovery of how DNA transcribes itself into RNA. This act is nature's way of transferring 'building instructions' in and among cells. Other prizes recently won by Cramer include one from the Bayer Science and Education Foundation, plus Germany's Leibniz Prize for Scientific Achievement, and the Philip Morris Research Prize.



Martin Stetter - Siemens Researcher of the Year

Detecting tumors before they have a chance to form - while they are still nothing more than incipient changes in the network of genes, proteins and metabolites comprising human tissues. The software developed by Siemens' researcher of the year Martin Stetter has the potential to realize this objective. Stetter's software is an expert at 'reading' these networks. To do such, the program first simulates the changes expected to be triggered by the inception of a tumor, then compares the changes with those arising from actual cases. The result is a 'self-teaching' tool capable of early-stage diagnoses of ever-greater precision.



© Siemens press picture

The big question: "Are you the master of life?"

Time magazine recently called Simon Moroney the "master of an antibody erector set which could turn the tide against autoimmune diseases".

The World Economic Forum named Moroney, CEO of the Munich-headquartered MorphoSys, one of its World Technology Pioneers 2009.

Financial analysts regard Morphosys' HuCAL (Human Combinatorial Antibody Library) as being one of the prime assets in world biotech - along with the company's pipeline of proprietary medications.



Q.: Are you the master of life?

A.: Not really. We've copied some of Nature's genius, and put it in a test tube, to work with it.

Q.: Your Human Combinatorial Antibody Library is comprised of 45 billion human-use antibodies. How do you keep track of them?

A.: We use a simple technology to connect the result with the underlying master. We make sure to preserve the master, as doing such allows us to copy it as often as we want.

Q.: Forty-five billion would seem enough. Why are you still creating more and more of them?

A.: Antibodies are great molecules. They allow you to target a large number of diseases. There's a simple rule: the greater the selection of antibodies, the better the medications.

Q.: What kind of medications result from the employment of your customer-made antibodies?

A.: All kinds of drugs against all kinds of such life-threatening diseases as cancer or autoimmune disorders.

Q.: Why is MorphoSys thriving while other biotech companies are struggling?

A.: We generate revenues from our proprietary technologies. This provides us with independence from capital markets - a true luxury nowadays.



Where Bavaria's sports greats got off to the great starts

Be they football, speed skating, skiing, golf, bobsledding or triathlon, Bavaria has champions in every sport. The slopes, runs, courses and playing fields on which these champions molded themselves into record-breakers and gold medal winners are in the state - and are available for use by the general public.



Anni Friesinger and Inzell

Seven world records, 15 world championships, 2 Olympic gold medals--Anni is one of the world's premier speed skaters. Born in the southeastern Bavaria town of Bad Reichenhall, she honed her skills at the skating stadium in the neighboring town of Inzell.



Maria Riesch and Garmisch-Partenkirchen

Four slalom first places in a row in 2008/9, 10 in her young career, a World Championship in 2009 - Maria Riesch is one of world skiing's top stars. Maria was born in the southern Bavarian Alpine resort of Garmisch-Partenkirchen and learned to ski on the mountains rising around it.

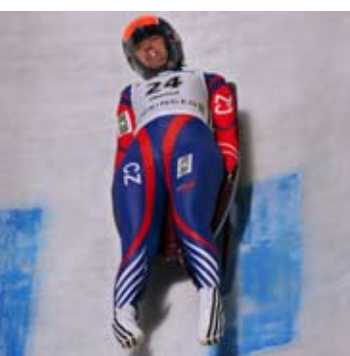


Bernhard Langer and Anhausen

Located near Augsburg, Anhausen is where Bernhard Langer, long Germany's best golfer, was born and where he learned to play golf. His career started at a nearby course in Augsburg. Langer went on to win two US Masters titles, and to be ranked number one on the PGA tour in 1986.

Faris al-Sultan and Munich

The winner of 2005's Iron Man event on Hawaii (considered the world's most grueling athletic event), al-Sultan is one of the world's best triathletes. Al-Sultan developed his world-best stamina and cycling, running and swimming skills in his home town of Munich.



Georg Hackl and Schönau am Königssee

Georg is the most successful lugger of all time. Born in Berchtesgaden, he learned his craft at the tobogganing course in Schönau am Königssee - as did such other world champions as Susi Erdmann, Alexander Resch and Patrick Leitner. The run is open to the brave souls among the general public!

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Famous Bavarians: Ludwig I



Munich was recently ranked the world's most livable city. Munich has long been one of the world's top tourist and business destinations. Munich owes a lot to Ludwig I (1786-1868).

Like its look and feel. They came from Ludwig's vision of turning a medieval city into a modern-day Athens or Florence (he loved both cities), in which leading artists and scientists would congregate and work in green, gracious and Grecian and/or Italianate surroundings.

To realize his vision, Ludwig gave carte blanche to his favorite architects - Leo von Klenze and Friedrich von Gärtner. The result was much of the city's downtown and a number of the beautiful avenues and squares adjoining it.

In addition to the arts, architecture and the sciences, Ludwig had, unfortunately, another passion: the company of such beautiful courtesans as Lola Montez. This passion cost eventually his throne. But not before his vision had been realized - much to the delight of today's travelers and residents.

Innovation@home: Regensburg's red-hot research community

GE, the world's largest high-tech, has set up yet another mission-critical R & D facility in Bavaria. This one's location: Regensburg, itself home to "home-grown" high-techs revolutionizing their fields. Eastern Bavaria's Regensburg (population: 133,000) may not be the largest city in the world, but its research community certainly has a world-class breadth and impact.

Newest arrival to the community is General Electric. Its GE Aviation subsidiary is set



to commission in spring 2009 its research facility in the city.

Expected to be joined by production operations, the facility will develop what Scott Ernest, vice president and general manager of supply chain operations at GE Aviation, has called "some of the most complex and technically challenging production processes in the field of aircraft construction."

The processes are set to produce the low-weight turbine blades forming the heart of the energy-efficient engines so needed for environmentally-compatible jet planes.

GE joins such home-grown path-blazers as Geneart, widely considered one of the hottest biotechs in the world. One reason for this acclaim is the EuroVacc vaccine. Now in Phase II trials, the vaccine is widely regarded as being one of humanity's best hopes of beating HIV.

Geneart created and licensed the patented genetic sequences upon which the vaccination is to be based. Such feats of gene and plasmid synthesis and evolution have made the company, which was founded in 2000 by Dr. Ralf Wagner, one of the world's hottest biotechs.

Proof of this assertion comes from the company's having won in October 2008 the European Biotechnika award, conferred upon the continent's most promising biotech. Other path-blazing biotechs in Regensburg include Antisense, whose protein production suppression technology is considered one of the world's most promising approaches to fighting cancer.

Nor are aviation and life sciences the only specialties of Regensburg's red-hot technology community. CipSoft, the developer and provider of one of Europe's leading massively multiparty on-line games, heads the city's burgeoning IT community.

Possessor of technologies which are revolutionizing illumination, Osram Opto Semiconductor is just one of a number of microelectronics and optronics leaders in Regensburg.

GE and Bavarian research: a close and multifaceted relationship

In setting up its facility in Regensburg, GE Aviation was following suit of the technology giant's health care and corporate research arms, which also recently established world-class centers in Bavaria.

Hidden Champions

Can Do - creators of software enabling multisite, multiparty projects

Germany's Prize for Innovation in 2007 and Bavaria's Export Prize for 2008 - Munich's Can Do GmbH is being awarded major prizes almost as fast as it is securing major commissions.

And that's very fast. Founded in 1994 by Thomas Schlereth, the young company was awarded so much work in 2008 that it doubled its turnover. The commissions are mostly for Can Do Project Intelligence, which is reportedly the first and only software capable of managing projects under 'real world conditions' - large and varying numbers of participants, of facilities and of items being developed and supplied; and ever-changing and imprecise project goals, procedures and conditions.

TST Biometrics - the world's best fingerprint recognition system



IDs can be stolen or faked. Faces can be altered. A person's biometrics (intrinsic and unique physical characteristics) are immutable.

That's why biometric technologies - most based on fingerprints and irises

- have become the basis of advanced access management control systems. Conventional fingerprint-based systems use the impression made by the fingerprint resting upon the screen to generate an image, which is then matched with that registered for the user. The problem: the pressure of the contact often distorts these images, lowering their quality of identification in the process. Enter Munich's TST Biometrics GmbH, which offers the world's first and only no-contact fingerprint recognition system. In TST's BiRD series of devices, the user's fingertip is placed above a window and upon a rest. Below the window are light sources. After bouncing off the fingerprint, the light is gathered by a lens, which then relays it to a ultra-small and precise, CMOS chip-based camera. The technological edge enjoyed by TST's products are expected to make them as omnipresent in tomorrow's world as today's ATMs and in-facility security control stations.

Products for a better world

Bau-Fritz's look-good, feel-good, are-good houses

In 2008, Dagmar Fritz-Kramer was named Germany's businesswoman of the year. She also won "Career of the Year", a prize awarded to Germany's best manager. Located in Erkheim, a town in southwestern Bavaria's Allgäu district, her Bau-Fritz GmbH & Co. KG was named Germany's most family-friendly company.

In the previous two years, Bau-Fritz nabbed awards for its house kits' architecture, quality and environmental-compatibility.

All these awards stem from Dagmar Fritz-Kramer's 'local and natural' philosophy. The materials going into the kits, which range in size from one-family houses to apartment buildings, and include churches, daycare centers and official buildings, are procured locally and are natural (primarily wood).

These natural materials join with state-of-the-art-technology, proprietary-developed innovations in making the houses healthy and energy-conserving. The striking beauty of the houses is also a local product - from the in-house design team headed by Ms. Fritz-Kramer herself.

This "local only" philosophy applies to the production of the kits. Rather than farming out the manufacturing of their component parts to low-wage countries, Ms. Fritz-Kramer insists on production being carried in the Allgäu.



GranMalt's beer granules

Beer whenever and wherever you want it - be it in the trackless depths of the Mojave Desert or while cruising the Pacific or on top the highest mountains.

Sounds like every beer-lover's dream, doesn't it?

It is now a reality, thanks to Gerhard Kamil and his GranMalt company. This Bavarian brew master has come up with a way of distilling beer down into an ultra-stable granules. All that is required to turn it into beer is to add water. The granules can also be used as the basic of no-alcohol fruit and soft drinks.



Titan Bags - the world's coolest suitcases

Titan suitcases are iPod-pretty and popular.

And like the iPod, these suitcases, which range in style from alluring luminescent to space-age high-tech, have become indispensable accessories of people-on-the-go.

So much so that Penzberg's Thomas Wagner GmbH sold no less than 3 million Titan Bags in 2008 - by far the highest total in the company's history.

The reasons for the Bags' popularity: not only are they pretty, but, thanks to a number of proprietary patents, they are also the sturdiest (impossible to scratch or deform), lightest and most compact suitcases around (very important in an era of ever-stiffer hand baggage rules).

The Titan Bags' attractiveness stems from the designs created by Wagner and the team which he heads.



New and newsworthy

Nuremberg's trade fair center: top-ten in Europe and fastest growing in Germany

Over the last decade, Nuremberg was the fastest growing trade fair venue in Germany, reports an authoritative study. This sustained growth boosted Nuremberg into the ranks of Europe's top ten trade fairs.

How strong and sustained the growth has been is shown by the 2008 figures registered by NürnbergMesse, the city's trade fair authority. The year was the best in the authority's history, with its having registered rises over 2006 (benchmark year of comparison) of 20%, 11%, 6% and 7% in turnover, number of exhibitors, space taken up and trade visitors.

Key fact: over the last ten years, the authority has more than doubled its turnover to 2008's €150 million.

Yet another Russian top tech sets up shop in Bavaria

When Russian high-techs go international, they head to Bavaria. To date, 33 of these high-techs have set up operations in Bavaria. Their ranks include such IT luminaries as Kaspersky Labs and ABBYY. Latest newcomer is FAS. Headquartered in Yekaterinburg, the company is a major developer of software easing and expediting retailing and wholesaling. FAS' reasons for picking Bavaria: its central location in Europe and its great air, rail and road links make it the gateway to the continent, states managing director Sergey Martyanov.

America's AGCO makes its largest investment ever: in Bavaria

Headquartered in Georgia, AGCO is one of the world's leading producers of agricultural vehicles and equipment. One of its chief subsidiaries is Fendt, headquartered in Marktredwitz (a town in Bavaria's southwestern Allgäu district) and itself a major manufacturer of tractors.

AGCO recently launched a €170 million program of investment - reportedly the largest in the corporation's history - in Fendt's production facilities in Bavaria. To be concluded by 2012, the investment will boost by one third the facilities' output.

Onwards and upwards in Hochfranken (Uppermost Franconia), thanks to GEALAN's new production facility

Hochfranken has set its sights on becoming one of Europe's center of automotive supply. To that end, the region now has a thriving automotive suppliers' park and automotive engineering center in Hof, the region's 'capital city'.

GEALAN's €9 million investment indicates that this northernmost Bavarian region is well on its way towards achieving this ambitious goal. The company is a major manufacturer of formed plastic parts for the automotive and other industries. Its investment went for a new production facility.

GEALAN becomes the latest supplier to make major-sized investments in Hochfranken, which has been establishing itself as a key center of automotive engineering.

Get ready for the Global India Business Meeting!

It's going to be held for the first time and it's going to be a blockbuster: the Global India Business Meeting. Date and venue are June 28-30, 2009 in Munich. This event brings together India's leading businesspersons and their counterparts from elsewhere on the globe.

Co-hosting this global get-together are the Federation of Indian Chambers of Commerce, the government of the state of Bavaria, Messe München (Munich's trade fair authority) and VBW (the association of Bavaria's business community). Eligible to attend are CEOs of leading companies.



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Bavaria goes abroad >>>

Business trips:**Cambodia**

medical technologies
May 13 - 16

Romania

forest technologies
May 25 - 27

Russia

infrastructure,
construction, energy,
medical technologies
May

Eastern Russia

industrial engineering
July 15 - 24

Ukraine

construction
autumn

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Delegations:**Slovenia**

October 2 - 3
Registration by June

India

October 25 - 31
Registration by July

Cuba and Columbia

November 1 - 8
Registration by July

Poland

November 25 - 27
Registration by August

**Trade fairs in Nuremberg:****SMT/HYBRID/PACKAGING**

May 5 - 7
Microelectronics systems and integration

e_procure & supply

May 6 - 7
E-procurement systems

Sensor + Test

May 26 - 28
Measurement and testing systems

Trade fairs in Munich:**transport logistic 2009**

May 12 - 15
Logistics and transport technologies

INTERSOLAR 2009

May 27 - 29
Solar technologies, components and systems

LASER World of Photonics 2009

June 15 - 18
Components, systems and applications for optical technologies

Meet Invest in Bavaria at:**NAB, (Bavarian Pavilion, Stand SU9924C)**

April 20 - 23, Las Vegas

Hanover Trade Fair (Hall 13, Stand E31)

April 20 - 24, Hanover

transport logistic (Hall B3, Stand 317/418)

May 12 - 15, Munich

BIO (German Pavilion, Stand 2533)

May 18 - 25, Atlanta

INTERSOLAR (Hall B6, Stand 410)

May 27 - 29, Munich

LASER World of Photonics 2009

June 15 - 18, Munich

To set up an appointment with us or to get further information, please give us a call at +49 89 2162-2630 or send an e-mail to info@invest-in-bavaria.com





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